

CENTRAL INTELLIGENCE AGENCY
16 November 1973

Sit Rep
Saunders
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INTELLIGENCE MEMORANDUM

MIDDLE EAST

Situation Report Number 122
(as of 1500 EST)

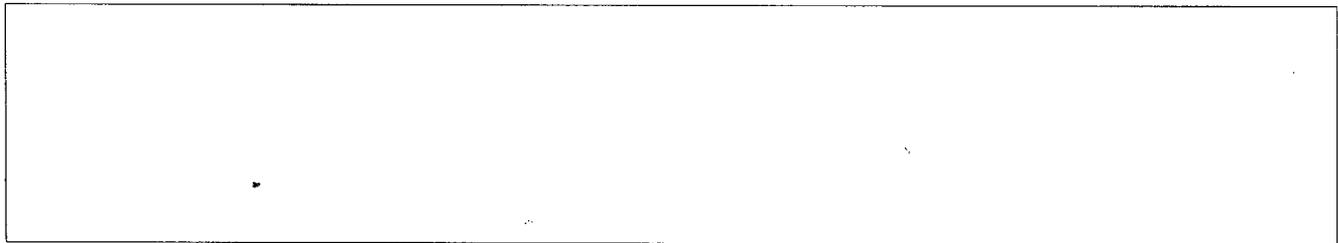
POW EXCHANGE

1. As the Egyptian-Israeli prisoner exchange continued into its second day, the first convoys of UN-controlled ambulances began bringing wounded civilians out of Suez City. By afternoon, according to press reports, more than 200 of the estimated 1,200-1,400 civilians had been evacuated.

THE MILITARY SITUATION

-2. Except for one report of small arms fire west of the Great Bitter Lake, ground forces on both fronts appear to be quiet today.

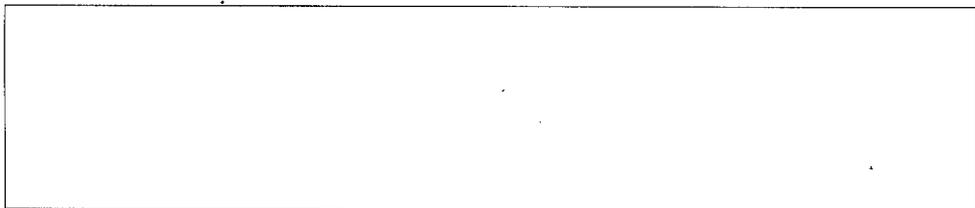
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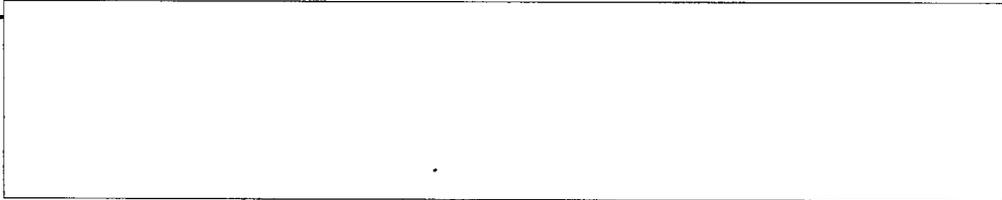
EGYPT AND ISRAEL: TOWARD NEGOTIATIONS

4. Press reporting indicates that both Egypt and Israel may be preparing to discuss the most difficult aspect of the six-point agreement: the 22 October cease-fire lines and troop disengagement. Western press summaries of the

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Cairo media indicate that the Egyptians may see a "crisis looming" over efforts to get Israel to withdraw to the 22 October positions and that they intend to bring the subject up for discussion at the Egyptian-Israeli military meetings, possibly as early as Sunday.

5. Israel will reportedly be ready for the Egyptians. A UPI correspondent reported today that Israeli government sources have told him that Tel Aviv will offer the Egyptians a staged, two-part mutual pullback plan. The alleged plan requires the Egyptian Third Army to abandon its heavy weapons in the process. The first stage would see each side withdraw to opposite sides of the Suez Canal; under the second stage each side would pull back a further 10 miles, the demilitarized area to be patrolled by UN forces. The plan, if actually presented, would probably confirm any Egyptian fears of a deadlock in discussions of troop withdrawals.

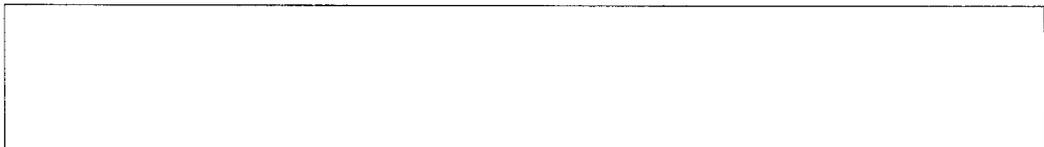
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6. The Israeli press in the meantime indicates that Tel Aviv is making preparations for broader negotiations, moving for the first time beyond the immediate issues of the cease-fire and the six-point agreement. Israeli commentators indicate that several ideas are beginning to crystallize among senior government officials: that any peace agreement will have to come in stages, that Israel will expect to receive significant political concessions in return for its own territorial concessions, and that a meaningful agreement must go beyond border demarcations to affect the "qualitative" relationship between Israel and its Arab neighbors--by providing, for example, for the initiation of commercial contacts.

Shale will stop in Cairo!

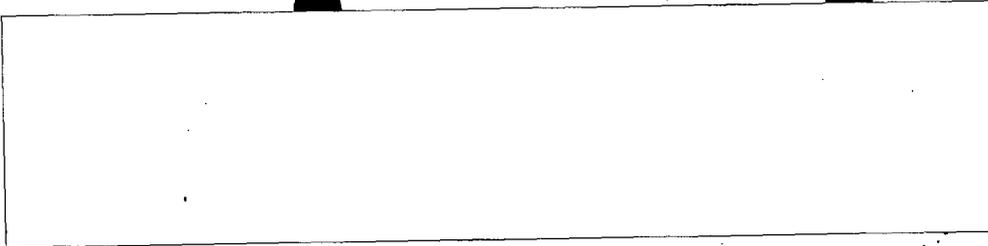
7. The US Embassy in Tel Aviv reports that, outside government circles, a number of Israeli politicians and commentators are increasingly expressing the view that Israel must be somewhat flexible in negotiations. The move on 14 November to break the impasse over the six-point agreement has created a sense of guarded optimism that negotiations and compromise are possible. Some commentators have called for a reexamination of old ideas and an abandonment of "post-1967 immobilism," and one Haaretz contributor

attached



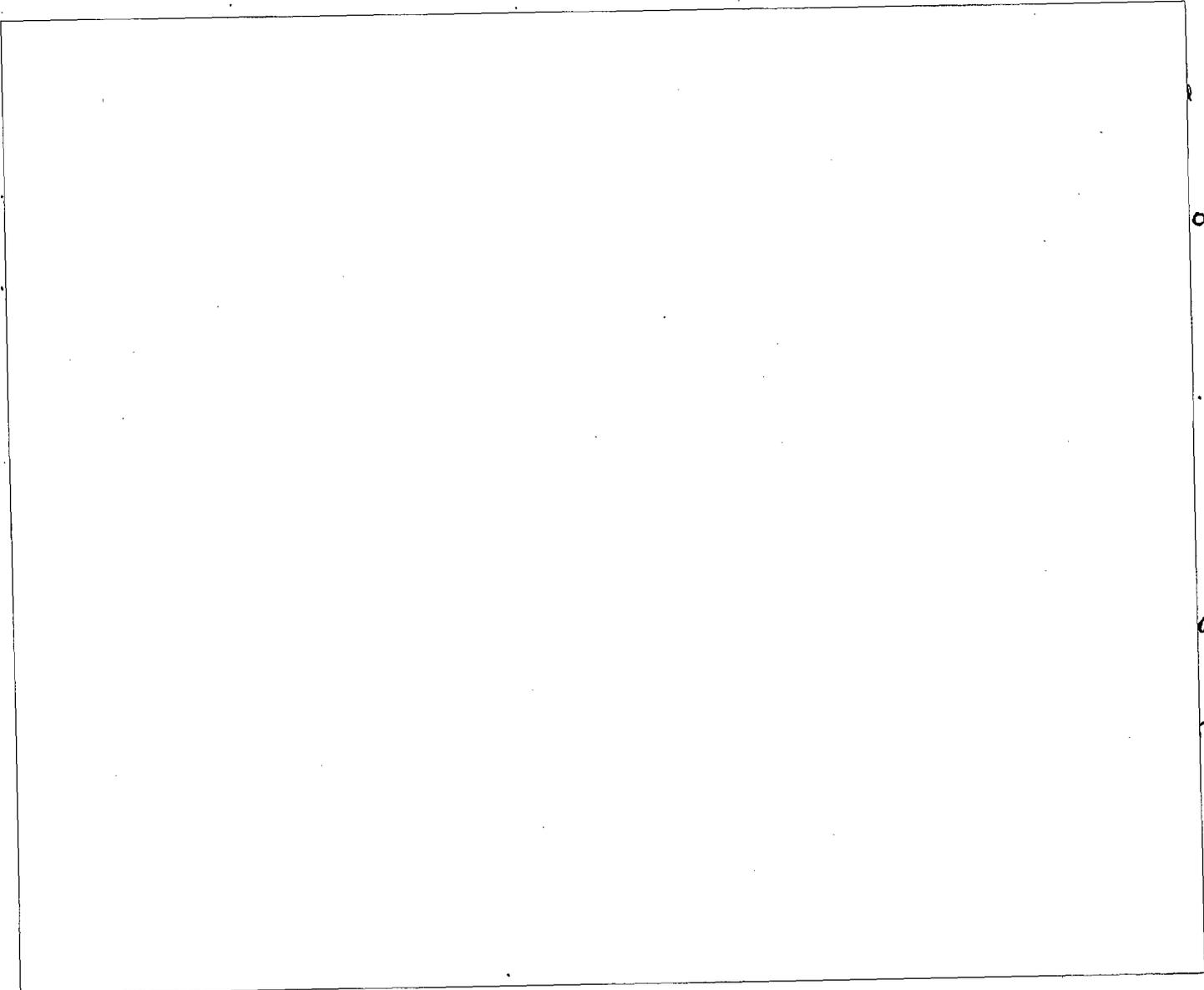
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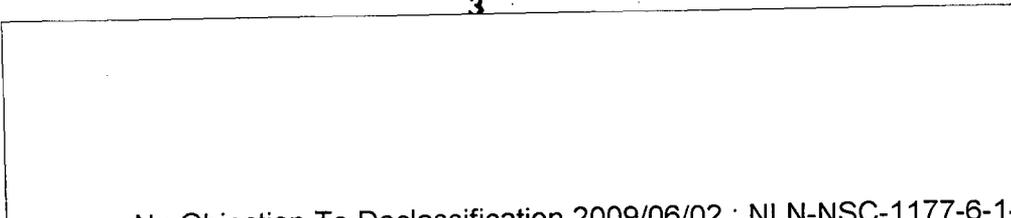


has commented that Israel must take a fresh look both at President Sadat's political objectives and at Israel's own views of the Arab mentality. The Embassy cautions, however, that it remains to be seen whether these views are shared by the government, and it warns that in any case signs of flexibility are fragile and subject to extreme fluctuation.

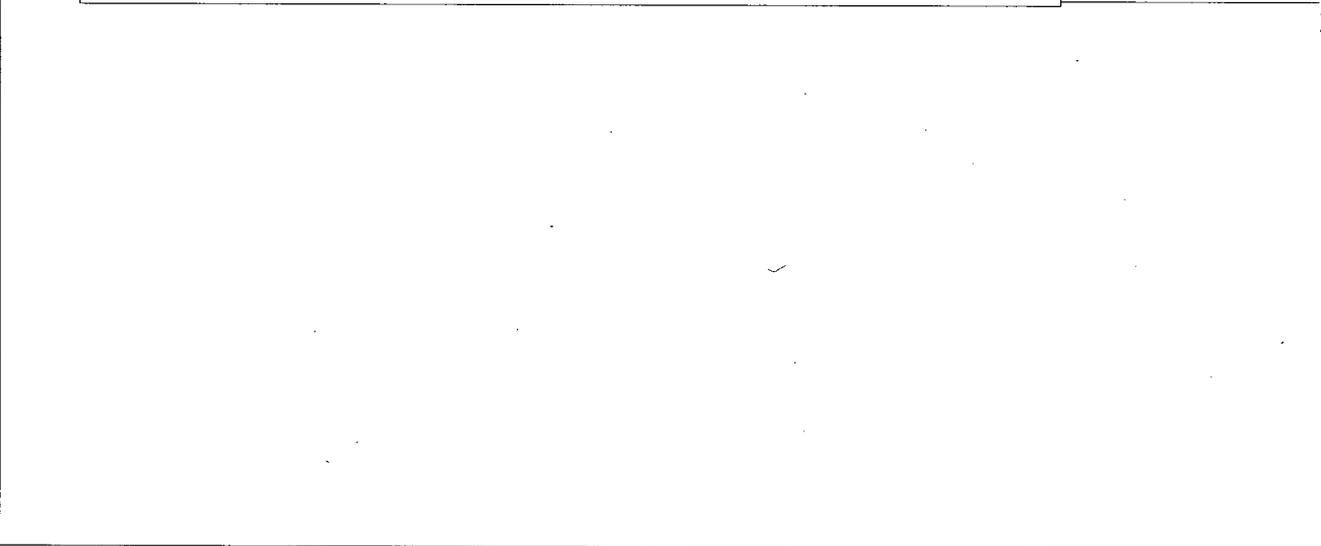
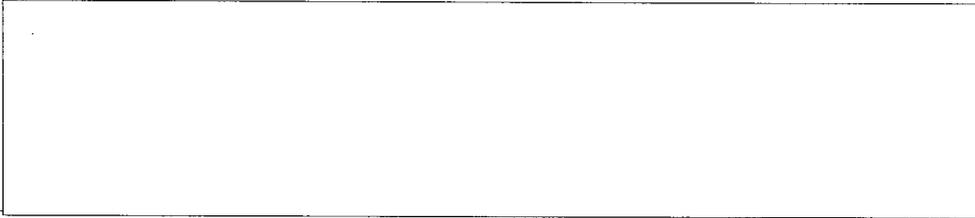
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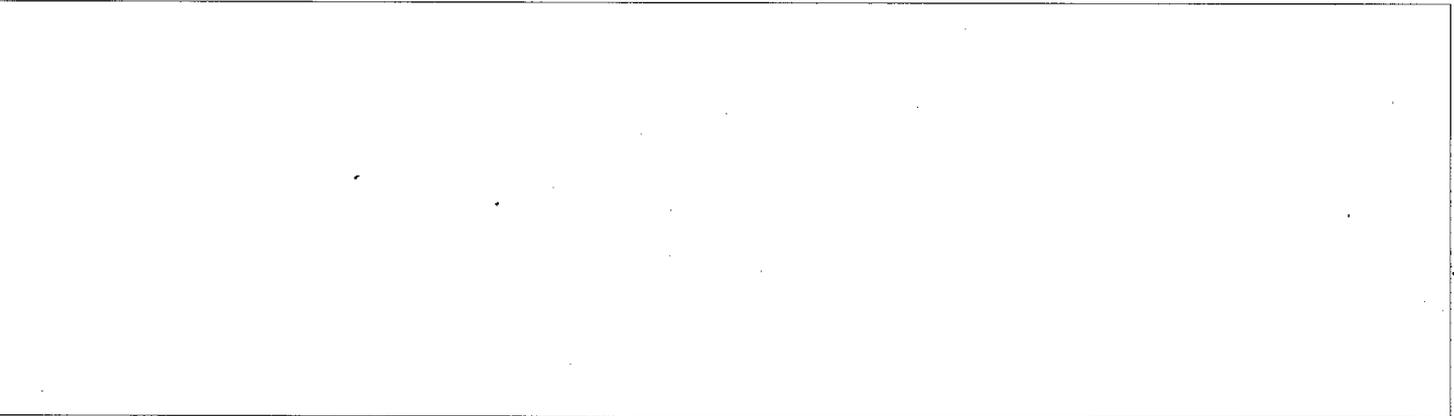
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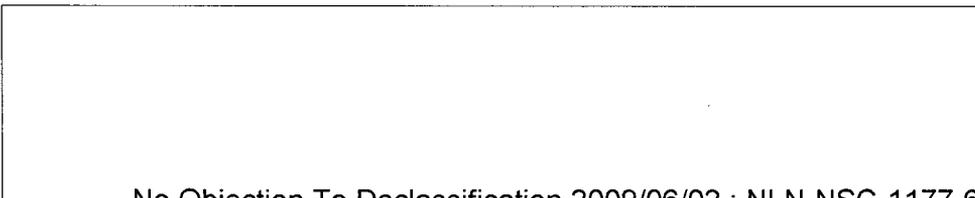
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SADAT CAUTIONS ARAFAT



13. A similar story is told by a TASS official in Cairo, who has claimed that Sadat recently told a group of Palestinian leaders--not including Arafat--that they must be prepared to accept whatever agreements are reached by Israel, Egypt, and Syria. The TASS official gave no specifics and did not mention Jordan, but the purport of this advice from Sadat would seem to be the same: that Palestinian gains will probably be minimal and that the Egyptians, at least, are not prepared to press hard for any fedayeen demands beyond what is mutually agreeable among all the parties concerned.

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BANIAS TERMINAL REPAIRED--OIL FLOW RESUMES

14. The Syrian oil terminal at Banias, a major Mediterranean outlet for Iraq's oil exports, has resumed operations. Oil storage facilities were about 60 percent destroyed by Israeli air and sea attacks, and the port had been out of operation since 7 October. Minor repairs have been made to the terminal, which evidently by 11 November was again receiving oil via the pipeline from Iraq. The pipeline is believed to be operating below capacity, however, because oil storage capacity has been reduced from 4.5 million barrels to 1.8 million barrels. Three tankers at the port on 11 November probably will load about 1.1 million barrels of oil.

15. About eight percent of Western Europe's oil comes from Iraq, principally via Banias and to a lesser extent Tripoli, Lebanon. Resumed oil exports will aid Iraq's foreign exchange earnings and restart Damascus' oil transit fees which normally amount to \$105 million annually if the pipeline operates at capacity.

UN EMERGENCY FORCE (UNEF)

16. Some progress has been made toward funding for UNEF with the Advisory Committee's recommended approval for UNEF's 30 million-dollar six month budget. The thirteen-member panel noted, however, that this budget was a "very conservative" estimate of UNEF's needs. The committee also proposed that UNEF be funded out of a special account rather than the normal UN budget. The special account will allow for voluntary contributions as well prescribe a special scale of assessment for UN members. Secretary-General Waldheim has already issued two urgent appeals for advance contributions reminding the membership that the UN has no cash to meet the immediate expenses.

17. Plans for a joint Canadian-Polish logistics unit have been held back by disagreement over the division of responsibilities within the unit. Although Canada has agreed to provide a 400-man communications squadron and Poland a 200-man engineering corps, the UN hopes that eventually they will contribute a 2,000-man joint unit to meet all UNEF's transportation, maintenance, supply, and administration needs. The delay of logistics services has seriously hampered UNEF's deployment of incoming troop units.

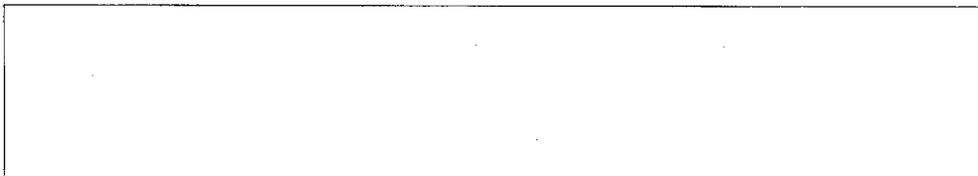
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UNITED NATIONS EMERGENCY FORCE

<u>STATE</u>	<u>PERSONNEL IN M.E.</u>	<u>SITUATION</u>
Sweden	537	Patrolling Ismailia area, one company on Cairo-Suez road.
Ireland	262	Patrolling between Israeli front and Egyptian second army, only unit now on east bank.
Austria	500	Patrolling Bitter Lake area, one 50-man company on Cairo-Suez road.
Finland	600	Patrolling Suez City and Israeli-controlled area to west, including disputed Suez road checkpoints.
Canada	400	Communications corps. Additional logistics units are being negotiated.
Poland	5	Advance team for 200-man engineering squadron. Airlift to begin 18 November.
Peru	52	450 troops to arrive within next few days. Full 500-man contingent will be deployed on east bank, opposite Suez area.
Panama		407-man battalion to be airlifted by US after Peruvian contingent.
Indonesia		582 troops to be airlifted by US 1 December. 32-man advance party will depart 22 November.

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Ghana

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Advance team for 600-man infantry unit.

COMMENTS: Despite Zaire's reported plans to contribute 600 troops, a UN official said yesterday that no request for troops had been made to Zaire and none was planned. Ghana, Senegal, and Kenya are the only African countries that the UN has asked to provide contingents. Liberia has offered a contingent of 300 which the UN feels is too small. IF Liberia increases its offer to 500, however, the UN may accept the proposed unit and thus bring UNEF's projected strength close to the prescribed 7,000-man size. On 16 November there were approximately 2,400 UN troops in the Middle East.

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